

**LAFAYETTE ECONOMIC
DEVELOPMENT AUTHORITY**

Financial Report

Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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INDEPENDENT AUDITOR'S REPORT

Chairman of the Board
and Members of the Board of Commissioners
Lafayette Economic Development Authority
Parish of Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, a component unit of the Lafayette Consolidated Government, as of and for the years ended December 31, 2006 and 2005, as listed in the table of contents. These basic financial statements are the responsibility of the Lafayette Economic Development Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Lafayette Economic Development Authority, as of December 31, 2006 and 2005, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued a report dated March 17, 2006, on our consideration of the Lafayette Economic Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements as the Lafayette Economic Development Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis on pages 3 through 8, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 23, 2007

Management's Discussion and Analysis

As management of the Lafayette Economic Development Authority, we offer readers of the Lafayette Economic Development Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2006.

Financial Highlights

- The assets of the Lafayette Economic Development Authority exceeded its liabilities at the close of the fiscal year ended December 31, 2006 by \$32,774,261 (*net assets*). Of this amount, \$3,814,788 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to creditors.
- The Authority's total net assets increased by \$10,442,345. This increase is substantially attributed to an increase in investment in capital assets net of depreciation of \$10,751,907.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$7,917,853, a decrease of \$397,795 in comparison with the prior year. Over half of this total amount, \$4,662,201 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, *unreserved fund balance* for the general fund was \$3,668,830. This amount is available for future general government expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Lafayette Economic Development Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. *The Government-wide Financial Statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in *net assets* may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's *net assets* changed during the most recent fiscal year. All changes in *net assets* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the *Government-wide Financial Statements* distinguish functions of the Lafayette Economic Development Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through charges (*business-type activities*). The *governmental activities* of the Authority include general government expenses incurred in the Authority's mission of facilitating economic growth in Lafayette parish, the sale of land in the four industrial parks owned by the Authority, and the interest portion of the Authority's semi-annual payments on outstanding Taxable Certificates of Indebtedness. The Authority had no *business-type activities* to report.

The *Government-wide Financial Statements* can be found on pages 9 and 10 of this report. The *Governmental Fund Financial Statements* can be found on pages 11, 12, and 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Economic Development Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: *governmental funds* and *fiduciary funds*.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, *Governmental Fund Financial Statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the *Government-wide Financial Statements*, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the *Government-wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provided a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains five individual *governmental funds*. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund, the capital projects (Business/Park Expansion or Attraction) fund, the capital projects (Building Maintenance) fund, the capital projects (LITE) fund and the special revenue (LITE) fund. The general fund is considered by the Authority to be its major fund.

The Lafayette Economic Development Authority adopts an annual budget for its general fund. A budgetary comparative statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the *Government-wide Financial Statement* because the resources of those funds are not available to support the Authority's own programs.

The basic *Fiduciary Fund Financial Statements* can be found on pages 15 and 16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide* and *Fund Financial Statements*. The notes to the financial statements can be found on pages 17 through 27 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Economic Development Authority, assets exceeded liabilities by \$32,774,261 at the close of the most recent fiscal year.

The largest portion of the Authority's net assets (78 percent) reflects its capital assets net of depreciation. The Lafayette Economic Development Authority and the Louisiana Economic Development Department entered into a Cooperative Endeavor Agreement in 2003 to construct the Louisiana Immersive Technologies Enterprise (LITE) formerly known as the Acadiana Technology Immersion Center (ATIC). Construction in progress as of December 31, 2006 was \$24,369,415. The LITE will be a state-of-the-art resource center encompassing the world's first six-sided, digital virtual reality cube as well as the world's largest digital 3-D auditorium. Previous access to this type of technology and resources was only feasible for industry giants. Once the LITE is complete, industry, government, and university sectors will have access to essential decision-making tools for collaborative research, application development, testing and validation and product development.

Lafayette Economic Development Authority Net Assets

	<u>Government Activities</u>	
	<u>2006</u>	<u>2005</u>
<u>Current and other assets</u>	\$6,019,954	\$8,162,020
<u>Noncurrent assets</u>	28,829,473	17,982,534
<u>Total assets</u>	34,824,427	26,144,554
<u>Long-term liabilities outstanding</u>	622,412	715,646
<u>Other liabilities</u>	1,452,754	3,096,992
<u>Total liabilities</u>	2,075,166	3,812,638
<u>Net assets:</u>		
<u>Invested in capital assets</u>	25,573,821	14,821,914
<u>Restricted for inventory of land for resale</u>	3,255,652	3,160,620
<u>Restricted for debt service</u>	130,000	130,000
<u>Unrestricted</u>	3,814,788	4,219,382
<u>Total net assets</u>	\$32,774,261	\$22,331,916

At the end of the current fiscal year, the Authority is able to report a positive balance in net assets. The same is true for the prior fiscal year.

Governmental Activities. Governmental activities increased the Authority's net assets by \$10,442,345. Key elements of this increase are as follows:

Lafayette Economic Development Authority
Changes in Net Assets

	<u>Government Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Sale of land	\$256,200	\$198,125
General Government	185,620	91,973
General Revenues:		
Ad valorem taxes	2,055,438	1,894,200
Intergovernmental	10,930,778	12,927,041
Unrestricted investment earnings	258,593	151,008
Miscellaneous	258,578	73,929
Total revenues	13,945,207	15,336,276
Expenses:		
General government	3,152,258	1,676,843
Cost of land sold	309,629	139,839
Interest on long-term debt	40,975	45,788
Total expenses	3,502,862	1,62,470
Increase (Decrease) in net assets	10,442,345	13,473,806
Net assets - beginning	22,331,916	8,858,110
Net assets - ending	\$32,774,261	\$22,331,916

- Ad valorem taxes increased by \$161,238 due to an increase in the taxable property valuation in 2006 by the Lafayette Parish Assessor.
- Intergovernmental Revenue decreased by \$1,996,263 due to less funds being received as a result of the Cooperative Endeavor Agreement with the Louisiana Economic Development Department, for funding the construction of the LITE, formerly known as the Acadiana Technology Immersion Center (ATIC) in Lafayette, to enhance research and development opportunities for the State of Louisiana.

Financial Analysis of Government's Funds

As noted earlier, the Lafayette Economic Development Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Lafayette Economic Development Authority's *Governmental Funds* reported combined ending fund balances of \$7,917,852, a decrease of 397,795 in comparison with the prior year. A key factor in the aforementioned decrease was the payment by the Authority of \$1,000,000 in economic inducements during 2006. LEDA entered into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development and NuComm International US Inc. to provide matching funds in the amount of \$1 million to NuComm in exchange for the company establishing operations of its business in Lafayette and creating 1,000 full time jobs for Louisiana residents by the end of its first year of operations meeting Louisiana standards for Quality Jobs and maintaining an average of 1,000 full time Quality Jobs for an additional six years. NuComm agrees to pay to LED and LEDA an amount equal to \$286 (one half to LED and one half to LEDA) for each full time employee less than 1,000 at the end of the first year of occupancy and at the end of each of the next six years beyond the initial year of occupancy.

Over half of the fund balance (\$4,662,201) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is already committed.

The general fund is the chief operating fund of the Lafayette Economic Development Authority. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,668,830. As a measure of the general funds liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Both unreserved fund balance and total fund balance represent over 200 percent of total general fund expenditures.

The fund balance of the Lafayette Economic Development Authority's general fund increased by \$313,178 during the current fiscal year. Key factors for the net increase are as follows:

- An increase in the ad valorem taxes of \$161,238 due to the increase in taxable property valuations.
- Miscellaneous income included support from various sources totaling approximately \$85,000 for the operation of the LITE.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be summarized as follows:

- \$14,800 increase in Intergovernmental Revenue
- \$98,000 increase in Miscellaneous Revenue
- \$32,200 decrease in General Government Expenditures
- \$5,000 decrease in Capital Outlay
- \$150,000 increase in transfers out

Capital Asset and Debt Administration

Capital Assets. The Lafayette Economic Development Authority's investment in capital assets for its governmental activities as of December 31, 2006 amounts to \$25,573,821 (net of accumulated depreciation). This investment in capital assets includes a building, a second building currently in the construction process, manufacturing equipment, improvements, equipment, and furniture and fixtures. The total increase in the Authority's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$10,751,907.

Major capital asset events during the current fiscal year included the following:

- Increase in construction in progress on the Louisiana Immersive Technologies Enterprise (LITE) totaling \$10,822,681 for the year ended December 31, 2006.

Additional information on the Lafayette Economic Development Authority's capital assets can be found in Note 1 on page 19 of this report.

Long-Term Debt. At the end of the current fiscal year, the Authority had outstanding Taxable Certificates of Indebtedness in the amount of \$700,000 of which \$605,000 is classified as long-term debt. The entire amount is secured by and payable solely from a dedication and pledge of the revenues to be derived from the levy of the ad valorem taxes authorized to be levied.

The Authority's total debt decreased by \$1,737,472 during the current fiscal year. The key factor in this decrease was a decrease in Accounts Payable and Retainage Payable of \$1,669,971. These amounts are payable to a construction contractor who is constructing the Louisiana Immersive Technologies Enterprise (LITE) formerly known as the Acadiana Technology Immersion Center (ATIC).

Additional information on the Authority's long-term debt can be found in footnote 7 on pages 25 and 26 of this report.

Economic Factors and Next Year's Budget

- The unemployment rate for the Lafayette Parish in October 2006 was 3.0 percent, which is a decrease from a rate of 7.7 percent a year ago. This compares to the state's average unemployment rate for the month of October 2006 of 3.8 percent and the national average rate for October 2006 of 3.8 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the Lafayette Economic Development Authority's budget for the 2006 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Lafayette Economic Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gregg Gothreaux, President and CEO, Lafayette Economic Development Authority, 211 East Devalcourt Street, Lafayette, Louisiana, 70506.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Statement of Net Assets December 31, 2006 With Comparative Totals for December 31, 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets:		
Cash	\$ 3,225,557	\$ 3,579,290
Restricted cash	130,000	130,000
Other receivables	12,985	35,059
Due from State of Louisiana	1,104,394	2,726,643
Receivables - taxes (net of allowance for uncollectibles)	<u>1,547,018</u>	<u>1,691,028</u>
Total current assets	<u>6,019,954</u>	<u>8,162,020</u>
Noncurrent assets:		
Inventory of land held for resale	3,255,652	3,160,620
Capital assets, net of accumulated depreciation	<u>25,573,821</u>	<u>14,821,914</u>
Total noncurrent assets	<u>28,829,473</u>	<u>17,982,534</u>
Total assets	<u>34,849,427</u>	<u>26,144,554</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,179,548	2,504,884
Retainage payable	59,761	404,396
Other accrued liabilities	118,445	97,712
Current portion of bonds payable	<u>95,000</u>	<u>90,000</u>
Total current liabilities	<u>1,452,754</u>	<u>3,096,992</u>
Noncurrent liabilities:		
Bonds payable	605,000	700,000
Compensated absences	<u>17,412</u>	<u>15,646</u>
Total noncurrent liabilities	<u>622,412</u>	<u>715,646</u>
Total liabilities	<u>2,075,166</u>	<u>3,812,638</u>
NET ASSETS		
Invested in capital assets	25,573,821	14,821,914
Restricted		
Inventory of land for resale	3,255,652	3,160,620
Cash restricted for debt service	130,000	130,000
Unrestricted	<u>3,814,788</u>	<u>4,219,382</u>
Total net assets	<u>\$ 32,774,261</u>	<u>\$ 22,331,916</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Statement of Activities
For the Year Ended December 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges</u>	<u>Governmental Activities</u>
Government Activities:			
General government	\$ 3,152,258	\$ 185,620	\$ (2,966,638)
Cost of land sold and asset disposals	309,629	256,200	(53,429)
Interest on long-term debt	40,975	-	(40,975)
Total governmental activities	<u>3,502,862</u>	<u>441,820</u>	<u>(3,061,042)</u>
 General revenues:			
Ad valorem taxes			2,055,438
Intergovernmental			10,930,778
Unrestricted investment earnings			258,593
Miscellaneous			258,578
Total general revenues			<u>13,503,387</u>
Change in net assets			10,442,345
Net assets-beginning			<u>22,331,916</u>
Net assets-ending			<u>\$ 32,774,261</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Balance Sheet Governmental Funds Year Ended December 31, 2006

	General	Special Revenue (LITE Fund)	Capital Project (Business/Park Expansion or Attraction)	Capital Projects (Building Maintenance)	Capital Projects (LITE Fund)	Total Governmental Funds
ASSETS						
Cash	\$ 2,294,176	\$ 58,142	\$ 748,594	\$ 104,989	\$ 19,656	\$ 3,225,557
Restricted cash	130,000	-	-	-	-	130,000
Other receivables	12,985	-	-	-	-	12,985
Due from other fund	-	-	150,000	-	-	150,000
Due from State of Louisiana	600	-	-	-	1,103,794	1,104,394
Receivables - taxes (net of allowance for uncollectibles)	1,547,018	-	-	-	-	1,547,018
Inventory of land held for resale	-	-	3,255,652	-	-	3,255,652
Total assets	<u>\$ 3,984,779</u>	<u>\$ 58,142</u>	<u>\$ 4,154,246</u>	<u>\$ 104,989</u>	<u>\$ 1,123,450</u>	<u>\$ 9,425,606</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ 47,504	\$ 42,158	\$ 45,853	\$ -	\$ 1,044,033	\$ 1,179,548
Retainage payable	-	-	-	-	59,761	59,761
Due to other fund	150,000	-	-	-	-	150,000
Other accrued liabilities	118,445	-	-	-	-	118,445
Total liabilities	<u>315,949</u>	<u>42,158</u>	<u>45,853</u>	<u>-</u>	<u>1,103,794</u>	<u>1,507,754</u>
Fund balances:						
Reserved for:						
Inventory of land held-for-resale	-	-	3,255,652	-	-	3,255,652
Prepaid expenditures	-	-	-	-	-	-
Unreserved, reported in:						
General fund	3,668,830	-	-	-	-	3,668,830
Special revenue fund	-	15,984	-	-	-	15,984
Capital projects funds	-	-	852,742	104,989	19,656	977,387
Total fund balances	<u>3,668,830</u>	<u>15,984</u>	<u>4,108,394</u>	<u>104,989</u>	<u>19,656</u>	<u>7,917,853</u>
Total liabilities and fund equity	<u>\$ 3,984,779</u>	<u>\$ 58,142</u>	<u>\$ 4,154,246</u>	<u>\$ 104,989</u>	<u>\$ 1,123,450</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

\$ 25,573,820

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(717,412)

Net assets of governmental activities

\$ 32,774,261

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

For the Year Ended December 31, 2006

	General	Special Revenue (LITE Fund)	Capital Project (Business/Park Expansion or Attraction)	Capital Projects (Building Maintenance)	Capital Projects (LITE Fund)	Total Governmental Funds
Revenues:						
Taxes - ad valorem	\$ 2,055,438	\$ -	\$ -	\$ -	\$ -	\$ 2,055,438
Intergovernmental	148,096	145,620	-	-	10,822,681	11,116,397
Sale of land	-	-	256,200	-	-	256,200
Miscellaneous	256,266	161,837	80,787	4,951	13,331	517,172
Total revenues	<u>2,459,800</u>	<u>307,457</u>	<u>336,987</u>	<u>4,951</u>	<u>10,836,012</u>	<u>13,945,207</u>
Expenditures:						
Current: -						
General government	1,594,388	469,070	-	-	-	2,063,458
Economic inducement	-	-	1,000,000	-	-	1,000,000
Capital outlay	16,259	-	-	-	10,822,681	10,838,940
Cost of land sold	-	-	309,629	-	-	309,629
Debt service	130,975	-	-	-	-	130,975
Total expenditures	<u>1,741,622</u>	<u>469,070</u>	<u>1,309,629</u>	<u>-</u>	<u>10,822,681</u>	<u>14,343,002</u>
Excess of revenues over expenditures	<u>718,178</u>	<u>(161,613)</u>	<u>(972,642)</u>	<u>4,951</u>	<u>13,331</u>	<u>(397,795)</u>
Other financing sources (uses):						
Transfers in	-	100,000	395,000	10,000	-	505,000
Transfers out	<u>(405,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(505,000)</u>
Total other financing sources (uses)	<u>(405,000)</u>	<u>100,000</u>	<u>295,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>313,178</u>	<u>(61,613)</u>	<u>(677,642)</u>	<u>14,951</u>	<u>13,331</u>	<u>(397,795)</u>
Fund balances, beginning	3,355,652	77,597	4,786,036	90,038	6,325	8,315,648
Fund balances, ending	<u>\$ 3,668,830</u>	<u>\$ 15,984</u>	<u>\$ 4,108,394</u>	<u>\$ 104,989</u>	<u>\$ 19,656</u>	<u>\$ 7,917,853</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balance of Governmental Funds
To the Statement of Activities

For the Year Ended December 31, 2006

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balances-total governmental funds	\$ (397,795)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

10,751,907

Some expense reported in the Statement of Activities, such as compensated absences and retirement plan, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(1,767)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

90,000

Changes in net assets of governmental activities

\$ 10,442,345

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget to Actual

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,865,000	\$ 1,865,000	\$ 2,055,438	\$ 190,438
Intergovernmental	181,000	195,800	148,096	(47,704)
Miscellaneous	133,000	231,000	256,266	25,266
Total revenues	<u>2,179,000</u>	<u>2,291,800</u>	<u>2,459,800</u>	<u>168,000</u>
Expenditures:				
Current:				
General government	1,750,025	1,717,825	1,594,388	123,437
Capital outlay	43,000	38,000	16,259	21,741
Debt service	130,975	130,975	130,975	-
Total expenditures	<u>1,924,000</u>	<u>1,886,800</u>	<u>1,741,622</u>	<u>145,178</u>
Excess of revenues over expenditures	255,000	405,000	718,178	313,178
Other financing uses:				
Operating transfers out	<u>(255,000)</u>	<u>(405,000)</u>	<u>(405,000)</u>	<u>-</u>
Excess of revenues over expenditures and other uses	<u>-</u>	<u>-</u>	<u>313,178</u>	<u>313,178</u>
Fund balance, beginning	3,355,652	3,355,652	3,355,652	-
Fund balance, ending	<u>\$ 3,355,652</u>	<u>\$ 3,355,652</u>	<u>\$ 3,668,830</u>	<u>\$ 313,178</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Statement of Fiduciary Net Assets
December 31, 2006**

	<u>2006</u>
ASSETS	
Cash	\$ -
Investments	<u>139,767</u>
Total assets	<u>\$ 139,767</u>
LIABILITIES	
Amounts due bondholders and lessees	<u>\$ -</u>
NET ASSETS	
Held in trust for payments to bondholders and lessees	<u>\$ 139,767</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2006

ADDITIONS

Contributions:

Lease payments received

\$ 3,092,594

Total contributions

3,092,594

Investment earnings:

Interest

4,258

Total investment earnings

4,258

Total additions

3,096,852

DEDUCTIONS

Bonds paid and redeemed

979,232

Bond interest paid

2,101,729

Other deductions

-

Total deductions

3,080,961

Change in net assets

15,891

Net assets - beginning

123,876

Net assets - ending

\$ 139,767

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Economic Development Authority (Authority) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:291-34:302. It was originally formed under the name of Lafayette Harbor, Terminal, and Industrial Development District. The Authority is governed by a board of commissioners consisting of twelve appointed members. The Authority is authorized to construct or acquire industrial parks and industrial plant buildings, including sites and other necessary property and appurtenances, and to acquire, construct, improve, operate, maintain, and provide improvement and services necessary. It is also authorized to sell, lease, or otherwise dispose of, by suitable and appropriate contract, to any enterprise locating or existing within the parish, all or any part of an industrial plant site, industrial plant building, or other property owned by the Authority.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, as well as any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; and the Louisiana Governmental Audit Guide.

Financial Reporting Entity

The Authority is a component unit of the Lafayette Consolidated Government, and is an integral part of that reporting entity.

This report includes all funds, account groups, and component units, which are controlled by or dependent on the Lafayette Economic Development Authority. Control by or dependence on the Authority was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, or other general oversight responsibility. At December 31, 2006, there were no entities that met the criteria to be considered a component unit of the Authority.

The following is a summary of certain significant accounting policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include proceeds received from the sale of land inventory. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. For this purpose, the government considers revenues to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for a specific purpose.

The *capital projects fund* accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Additionally, the government reports the following fund types:

Agency Funds are used to account for assets held by banks in a trustee capacity for the Authority. These funds are used to account for lease and related receipts from lessees as well as bond, interest, and related payments made to bondholders for industrial development revenue bonds issued by the Authority.

Amounts reported as program revenues include proceeds from the sale of land inventory. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated assets are immaterial.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	10
Office equipment	5-7
Computer equipment	3-5

Inventory of Land Held-for-Resale

The inventory of land held-for-resale is valued at cost. The cost is recorded as an expenditure at the time the land is sold. The inventory of land held for resale at year-end is equally offset by a fund balance reserve to indicate that it does not constitute "available expendable resources," even though it is a component of net current assets.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The ad valorem tax receivable is shown net of an allowance for uncollectibles. The ad valorem tax receivable allowance is equal to 3.50% of levied ad valorem taxes at December 31, 2006.

Vacation, Sick Leave, and Pension Plan

Vacation varies with longevity as follows:

<u>Serving Time</u>	<u>Vacation</u>
After six months up to two years	One week
From two years to seven years	Two weeks
After seven years	Three weeks

No more than thirty days of allowed vacation time may be accrued and be carried over into the next calendar year and paid upon termination. Vacation pay is accrued when incurred in the government-wide financial statements.

Sick leave accrues at the rate of $\frac{1}{2}$ day per month beginning after 3 months of service with a 30-day maximum per year. Sick leave is available for carryover. Upon termination, either voluntary or involuntary, all accrued sick time will be forfeited. Sick leave is not recorded in these financial statements except for \$5,255, which is included in the balance of \$17,412. This amount is attributable to one employee who is grandfathered under an old vacation policy.

For the years beginning January 1, 2004, LEDA employees are eligible participants of the Parochial Employees' Retirement System; a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. This retirement system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plans funding policy requires employees to contribute 9.5% of covered salary while the employer contribution rate was 12.75%. For the years ended December 31, 2006 and 2005, total salary subject to the Parochial Employees' Retirement System was \$608,689 and \$456,649 and LEDA's contributions were \$77,608 and \$58,223, respectively.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation, Sick Leave, and Pension Plan (continued)

The Parochial Employees' Retirement System issues an annual publicly available financial report and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, 5420 Corporate Boulevard Suite 103, P.O. Box 14619, Baton Rouge, LA 70808 or by calling 1-225-928-1361.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds. The budget is formally adopted by the Authority upon approval by the Lafayette Consolidated Council, prior to the beginning of the fiscal year. Notices of its completion and availability are published. After its adoption, adjustments to the budget must be approved by the Lafayette Consolidated Council. All annual appropriations lapse at year-end.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Cash

Restricted cash represents amounts to be set aside annually in the sinking fund as required by the Certificates of Indebtedness, for repayment of the bond principal and interest.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets*. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$717,412 difference are as follows:

Bonds payable	\$ 700,000
Compensated absences	<u>17,412</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets- governmental activities</i>	<u>\$ 717,412</u>

NOTE 3 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$10,751,907 difference are as follows:

Depreciation expense	\$ (87,033)
Capital outlay	<u>10,838,940</u>
Net adjustment to decrease <i>net changes in Fund balances-total governmental funds</i> To arrive at <i>changes in net assets of governmental Activities</i>	<u>\$ 10,751,907</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 3 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (CONTINUED)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." These details of the \$90,000 difference are as follows:

Principal repayments General Obligation debt	<u>\$ 90,000</u>
Net adjustment to decrease <i>net changes in fund balances-total</i> governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 90,000</u>

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2006 and 2005, the Authority has cash and interest-bearing deposits (book balances) totaling \$3,709,290 and \$2,915,795, respectively.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2006 and 2005, are as follows:

	<u>2006</u>	<u>2005</u>
Bank balances	<u>\$ 3,791,392</u>	<u>\$ 3,510,813</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

At December 31, 2006 and 2005, the deposits are secured as follows:

	2006	2005
Federal deposit insurance	\$ 200,000	\$ 200,000
Pledged securities (Category 3)	<u>4,724,102</u>	<u>4,408,586</u>
Total federal deposit insurance and pledged securities	<u>\$ 4,924,102</u>	<u>\$ 4,608,586</u>

Pledged securities in Category 3 are comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the Authority's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 5 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in June and are actually billed to the taxpayers by the Assessor in October. Billed taxes are due by December 31, becoming delinquent on January 1, of the following year.

Ad valorem taxes are budgeted and recorded in the year levied and billed. The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. The taxes are remitted net of deductions for Assessor's compensation and pension fund contributions.

For the years ended December 31, 2006 and 2005, taxes were levied at the rate of 1.92 mills, for general corporate purposes on property with assessed valuations totaling \$1,377,048,451 and \$1,288,587,140, respectively, less homestead exemptions of \$301,960,704 and \$295,643,875, respectively.

The allowance for uncollectible receivables at December 31, 2006 and 2005 is \$72,239 and \$66,719, respectively.

Net revenues from ad valorem taxes represent 84% and 80% of total general fund revenues, excluding other financing sources, at December 31, 2006 and 2005, respectively.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 6 CAPITAL ASSETS

A summary of general fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings	\$ 987,327	\$ -	\$ -	\$ 987,327
Equipment and Furniture	652,402	16,259	-	668,661
Manufacturing equipment	280,695	-	-	280,695
Construction in progress	<u>13,546,734</u>	<u>10,822,681</u>	-	<u>24,369,415</u>
Total capital assets	15,467,158	10,838,940	-	26,306,098
Less accumulated depreciation for:				
Buildings	151,896	25,316	-	177,212
Equipment and Furniture	493,348	61,717	-	555,065
Manufacturing equipment	-	-	-	-
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>645,244</u>	<u>87,033</u>	<u>-</u>	<u>732,277</u>
Total capital assets, being depreciated, net	<u>\$ 14,821,914</u>	<u>\$ 10,751,907</u>	<u>\$ -</u>	<u>\$ 25,573,821</u>

NOTE 7 LONG-TERM DEBT

On April 17, 1997, the State Bond Commission approved the Lafayette Economic Development Authority to incur debt and borrow the amount of \$1,330,000 and to issue Certificates of Indebtedness for the purpose of paying a portion of the cost of acquiring sites for industrial parks, and acquiring, constructing and providing improvements necessary therefore, and to pay the costs incurred in connection with the issuance of the Certificates. The Certificates are dated May 1, 1997 and bear interest at a rate of 7.25% per annum, payable on May 1 and November 1 of each year, commencing November 1, 1997, and maturing on May 1 in each of the years 1998 through 2012. With approval from the State Bond Commission, effective August 1, 2004, the Certificates were amended to bear interest at a rate of 5.5%

Annual debt service requirements to maturity for the Certificates of Indebtedness, including interest of \$124,025 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 95,000	\$ 35,888	\$ 130,888
2008	105,000	30,387	135,387
2009	110,000	24,475	134,475
2010	120,000	18,150	138,150
2011	130,000	11,275	141,275
2012	<u>140,000</u>	<u>3,850</u>	<u>143,850</u>
Total	<u>\$ 700,000</u>	<u>\$ 124,025</u>	<u>\$ 824,025</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 7 LONG-TERM DEBT (CONTINUED)

A summary of changes in general long-term debt follows:

	Balance 1/1/2006	Additions	Deletions	Balance 12/31/2006
Obligation under long-term bonds	\$ 790,000	\$ -	\$ 90,000	\$ 700,000
Compensated absences	15,646	29,126	27,360	17,412
Total	<u>\$ 805,646</u>	<u>\$ 29,126</u>	<u>\$ 117,360</u>	<u>\$ 717,412</u>

The Authority issues industrial development revenue bonds for the purpose of financing the acquisition of certain industrial facilities, which it leases or sells to qualifying industrial businesses. Such facilities and the revenue derived from their sale or lease are pledged to service the bonds. These bonds do not constitute an indebtedness or pledge of the general credit of the Authority and therefore, are not included in the financial statements. A detailed summary of all industrial development revenue bonds outstanding at December 31, 2006 is shown on page 35-36.

NOTE 8 RETAINAGE PAYABLE ON CONSTRUCTION CONTRACT

As of December 31, 2006, LEDA has accrued \$59,761 retainage payable to a construction contractor. The total cost incurred through December 31, 2006 on the Acadiana Technology Immersion Center (ATIC) construction contract was \$12,327,151. The total adjusted contract price at December 31, 2006 was \$12,878,621 and is estimated to be 96% complete.

NOTE 9 OPERATING TRANSFERS IN/OUT

	Transfers In	Transfers Out
General Fund	\$ -	\$ 405,000
Special Revenue Fund	100,000	100,000
Capital Projects Fund	405,000	-
	<u>\$ 505,000</u>	<u>\$ 505,000</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 10 OPERATING LEASE

On January 1, 1999 the Authority entered into an agreement under a non-cancelable operating lease. The 30-year lease provides for two renewal options at the end of the lease, each for a ten-year period. The agreement calls for an irrevocable transfer of property owned by the Authority, as well as annual payments of \$22,000 per year during the primary term of the lease. Future minimum lease payments for the lease are as follows:

<u>December 31,</u>	
2007	\$ 22,000
2008	22,000
2009	22,000
2010	22,000
2011	22,000
Thereafter	<u>374,000</u>
	<u>\$ 484,000</u>

NOTE 11 AGREEMENT WITH CINGULAR WIRELESS LLC

During 2002, LEDA entered an agreement with Cingular Wireless LLC, whereby LEDA issued revenue Bonds in an amount agreed to by LEDA and Cingular for an amount up to \$10,000,000 and to expend the proceeds to finance the acquisition, construction, and installation of a facility (the Project) for Cingular to house a customer support center in Lafayette, Louisiana.

Upon delivery of the Bonds and receipt of the proceeds, LEDA acquired the Project from Cingular and subsequently leased the Project to Cingular. Cingular's obligation is to make payments under the agreement sufficient to enable the payment of the principal and interest on the Bonds as well as paying agent fees, trustees' fees, and all other costs and charges in connection with the servicing of the Bonds. The Bonds shall not constitute an indebtedness or pledge of the general credit of LEDA. Accordingly, neither the asset nor the related Bonds are recorded on LEDA's books.

NOTE 12 LITIGATION

There was no litigation pending against the Authority as of December 31, 2006.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER INFORMATION**



Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards

**Chairman of the Board
and Members of the Board of Commissioners
Lafayette Economic Development Authority
Parish of Lafayette, Louisiana**

We have audited the basic financial statements of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, a component unit of the Lafayette Consolidated Government, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 23, 2007, which we expressed an unqualified opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control structure over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA/PFS, CVA, CFP®
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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the board of commissioners and management, and is not intended to be and should not be used by anyone other than those specific parties.

Dannall, Sikes, Gauden & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 23, 2007

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments, which are not required legally or by sound financial management to be accounted for in another fund.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY
General Fund

Statements of Expenditures - Budget (GAAP Basis) and Actual
Years Ended December 31, 2006 and 2005

	2006		Variance -	2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Current:				
General government:				
Salaries, taxes and benefits	\$ 1,040,000	\$ 1,027,230	\$ 12,770	\$ 788,132
Existing business retention/expansion	25,000	20,839	4,161	15,552
Professional development	18,200	18,070	130	11,500
Business Recruitment	47,000	46,249	751	44,608
Louisiana Crossroads Initiative	26,000	25,014	986	23,544
Marketing and advertising	54,000	33,034	20,966	54,571
Office operations	90,000	80,900	9,100	87,054
Industrial property maintenance	17,000	13,927	3,073	15,612
Information services	33,000	26,325	6,675	33,221
Resource Center/Technology	24,500	21,651	2,849	18,557
Trade development	11,000	9,943	1,057	11,879
Small business development	3,500	2,376	1,124	-
Workforce Connection Programs	23,500	20,309	3,191	20,996
Legal notices and audit	11,000	7,938	3,062	6,963
Insurance	15,000	13,129	1,871	11,635
Louisiana Public Retirement				
deductions	76,000	74,462	1,538	68,969
Professional fees	25,000	20,163	4,837	21,004
Governmental & U of L liaison	31,000	29,742	1,258	27,665
Contingencies	15,000	971	14,029	(162)
MIEMAR	23,800	3,792	20,008	155,913
LITE	50,000	50,000	-	-
Special projects	58,325	48,322	10,003	138,846
Capital outlay:				
Equipment and furniture	38,000	16,259	21,741	48,743
Debt service:				
Principal	90,000	90,000	-	85,000
Interest	40,975	40,975	-	45,788
Total	<u>\$ 1,886,800</u>	<u>\$ 1,741,620</u>	<u>\$ 145,180</u>	<u>\$ 1,735,590</u>

AGENCY FUND

To account for assets held by banks in a trustee capacity for the Authority. These funds are used to account for leases and related receipts from lessees as well as bond principal, interest, and related payments made to the holders of industrial development revenue bonds issued by the Authority.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY
Agency Fund

Combining Balance Sheets
December 31, 2006

	Holt Company of Louisiana	University of Louisiana at Lafayette Foundation	Cingular Project Series 2001
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	<u>78,214</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 78,214</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Amounts due to bondholders and lessees	<u>\$ 78,214</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Changes in Assets and Liabilities
Year Ended December 31, 2006

ASSETS			
Cash, January 1	\$ -	\$ 100	\$ -
Investments, January 1	<u>64,401</u>	<u>-</u>	<u>-</u>
	<u>64,401</u>	<u>100</u>	<u>-</u>
Additions:			
Lease payments received	312,909	711,180	1,610,000
Interest earned	<u>4,020</u>	<u>-</u>	<u>-</u>
	<u>316,929</u>	<u>711,180</u>	<u>1,610,000</u>
Deductions:			
Bonds paid and redeemed	200,000	680,000	-
Bond interest paid	103,116	31,280	1,610,000
Other deductions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>303,116</u>	<u>711,280</u>	<u>1,610,000</u>
Cash, December 31	-	-	-
Investments, December 31	<u>78,214</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 78,214</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Amounts due to bondholders and lessees, January 1	\$ 64,401	\$ 100	\$ -
Additions	316,929	711,180	1,610,000
Deductions	<u>(303,116)</u>	<u>(711,280)</u>	<u>(1,610,000)</u>
Amounts due to bondholders and lessees, December 31	<u>\$ 78,214</u>	<u>\$ -</u>	<u>\$ -</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY
Agency Fund

Combining Balance Sheets
December 31, 2006

	Tube Alloy Corporation Project Series 2002A and 2002B	University of Louisiana at Lafayette Art Museum	Totals
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	61,553	139,767
Total assets	<u>\$ -</u>	<u>\$ 61,553</u>	<u>\$ 139,767</u>
LIABILITIES			
Amounts due to bondholders and lessees	<u>\$ -</u>	<u>\$ 61,553</u>	<u>\$ 139,767</u>

Combining Statement of Changes in Assets and Liabilities
Year Ended December 31, 2006

ASSETS			
Cash, January 1	\$ -	\$ -	\$ 100
Investments, January 1	-	59,375	123,776
	-	59,375	123,876
Additions:			
Lease payments received	119,065	339,440	3,092,594
Interest earned	-	238	4,258
	<u>119,065</u>	<u>339,678</u>	<u>3,096,852</u>
Deductions:			
Bonds paid and redeemed	99,232	-	979,232
Bond interest paid	19,833	337,500	2,101,729
Other deductions	-	-	-
	<u>119,065</u>	<u>337,500</u>	<u>3,080,961</u>
Cash, December 31	-	-	-
Investments, December 31	-	61,553	139,767
Total assets	<u>\$ -</u>	<u>\$ 61,553</u>	<u>\$ 139,767</u>
LIABILITIES			
Amounts due to bondholders and lessees, January 1	\$ -	\$ 59,375	\$ 123,876
Additions	119,065	339,678	3,096,852
Deductions	<u>(119,065)</u>	<u>(337,500)</u>	<u>(3,080,961)</u>
Amounts due to bondholders and lessees, December 31	<u>\$ -</u>	<u>\$ 61,553</u>	<u>\$ 139,767</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Industrial Development Revenue Bonds
Issued and Outstanding
December 31, 2006**

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding December 31, 2006</u>
Holt Company of Louisiana	09/01/90	4,500,000	2,650,000
University of Louisiana at Lafayette Foundation	11/01/99	1,000,000	-
University of Louisiana at Lafayette Art Muesum	03/28/02	8,500,000	7,500,000
Tube Alloy Corporation Project Series			
Series 2002A and Series 2002B	12/20/02	2,902,750	339,356
Cingular Project Series 2001	12/21/01	<u>23,000,000</u>	<u>23,000,000</u>
		<u>\$ 39,902,750</u>	<u>\$ 33,489,356</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Compensation Paid to Members of the Board of Commissioners
December 31, 2006 and 2005**

The commissioners of the Authority receive no compensation and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Summary of Corrective Action Taken on Prior Year Findings
December 31, 2006 and 2005**

There were no prior year findings.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Schedule of Finding and Questioned Costs
Year Ended December 31, 2006

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's financial statements as of and for the year ended December 31, 2006.

Reportable Conditions - Financial Reporting

There were no reportable conditions.

Material Noncompliance - Financial Reporting

There were no material instances of noncompliance.

FEDERAL AWARDS

This section is not applicable.

PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

There were no findings.

PART 3 FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL PROGRAMS

This section is not applicable.